

## PRESS RELEASE

Paris, July 25, 2019

### **First-half 2019 results: solid performance**

**Organic sales growth at 3.5%**  
**Operating income<sup>1</sup> up 8.3%**  
**Recurring earnings per share up 17.6%**

- Organic growth at 3.5%, with prices up 2.3% in a less inflationary environment and volumes up 1.2% despite a negative calendar impact
- Operating income at €1,638 million, up 8.2% as reported and up 8.3% like-for-like. Gain of 30 basis points in the operating margin<sup>2</sup> to 7.6%
- Recurring net income up 16.7%
- Swift deployment of the “Transform & Grow” program: (1) strong momentum in portfolio optimization, with divestments already completed or signed representing over €2.8 billion in sales and (2) the cost savings target for 2019 raised from over €50 million to more than €80 million
- Objectives for full-year 2019 confirmed

(€m)	H1 2018 Restated <sup>3</sup>	H1 2019	Change	Change like-for-like
<b>Sales</b>	20,787	<b>21,677</b>	<b>4.3%</b>	<b>3.5%</b>
<b>Operating income</b>	1,514	<b>1,638</b>	<b>8.2%</b>	<b>8.3%</b>
<b>EBITDA<sup>4</sup></b>	2,230	2,417	<b>8.4%</b>	
<b>Recurring net income<sup>5</sup></b>	809	944	<b>16.7%</b>	
<b>Free cash flow<sup>6</sup></b>	492	<b>690</b>	<b>40.2%</b>	

1. Like-for-like.

2. Operating margin = Operating income divided by sales.

3. Figures for the first half of 2018 have been restated for IFRS 16 with retroactive effect from January 1, 2018 (see the press release dated July 1, 2019).

4. EBITDA = operating income, plus operating depreciation and amortization, less non-operating costs excluding Sika.

5. Recurring net income: net attributable income excluding capital gains and losses on disposals, asset write-downs, material non-recurring provisions and Sika income.

6. Free cash flow = EBITDA less depreciation of right-of-use assets, plus net financial expense excluding Sika, plus income tax, less investments in property, plant and equipment and intangible assets excluding additional capacity investments, plus changes in working capital requirement.

**Pierre-André de Chalendar, Chairman and Chief Executive Officer of Saint-Gobain, commented:**

*“The Group's first-half results progressed significantly, driven by continued upbeat trends on our main markets, a positive price-cost spread, and excellent advances in our transformation plan, which is delivering expected results faster than initially planned. The acceleration of our portfolio rotation program announced a year ago continues apace and we will exceed €3.0 billion in sales divested by the end of 2019. The Group is confirming its objectives for full-year 2019 and for the second half, in a less supportive market overall, expects a like-for-like increase in operating income versus second-half 2018.”*

**Benoit Bazin, Chief Operating Officer of Saint-Gobain, commented:**

*“Thanks to our new organization, in place since January 1, the commitment of our teams on the ground is reaping rewards. Our portfolio optimization program and measures to unlock €250 million in additional cost savings are being put into place with agility and determination, as illustrated by the accelerated timetable, with the cost savings target for 2019 raised from over €50 million to more than €80 million. Going forward, we are very confident in the capacity of “Transform & Grow” to give new impetus to our growth and profitability.”*

## Operating performance

First-half consolidated **sales** were **€21,677 million**, a year-on-year increase of 4.3% on a reported basis and of **3.5% like-for-like**. Organic growth was driven both by prices (up 2.3%) in a slightly less inflationary environment, and by volumes (up 1.2%). The growth in our main markets was mitigated by a negative 1% calendar effect in the second quarter against a high prior-year comparison basis.

The **Group structure impact** added a slight 0.2% to overall growth, with acquisitions more than compensating for divestments in the first half given their respective transaction dates: in particular the Pipe business in Xuzhou, China, the silicon carbide business, glazing installation operations in the UK and glass processing in Sweden and Norway. Acquisitions reflect the consolidation of companies in new niche technologies and services (Kaimann in technical insulation), in Asia and emerging countries (Join Leader in adhesives) and to consolidate our strong positions (Hunter Douglas in specialty ceilings).

Sales growth also benefited from a 0.6% positive **currency impact**, mainly due to the appreciation of the US dollar against the euro, despite the depreciation of the Brazilian real, Nordic krona and other Asian and emerging country currencies.

The Group's operating income rose by 8.3% like-for-like. **Its operating margin moved up 30 basis points to 7.6%.**

**Acceleration in the Group's transformation continues apace:**

- Divestments completed or signed to date represent sales of over €2.8 billion, already close to the target of more than €3.0 billion by the end of 2019. The full-year operating margin impact stands at more than 40 basis points, already reaching the target of the “Transform & Grow” program of a gain of 40 basis points in the operating margin.
- The program to unlock €250 million in additional cost savings by 2021 thanks to the new organization is producing results faster than initially expected, with an accelerated timetable now envisaged: over €80 million in cost savings for 2019 (versus an initial target of over €50 million), of which €35 million in first-half 2019, and overall savings of €150 million in 2020 (versus €120 million initially).

## **Segment performance** (like-for-like sales)

**High Performance Solutions (HPS)** sales rose 1.0% like-for-like, driven by the good progression in prices. Volumes were down slightly, affected by the sharp contraction in the automotive market since the summer of 2018 and by the decline in Ceramics against a high first-half 2018 comparison basis. The operating margin came in at 13.0% versus 14.4% in first-half 2018, which was marked by a still upbeat automotive market and a strong level of activity in Ceramics. The margin is significantly up on the second-half 2018 figure of 12.4%.

- **Mobility** sales were stable in a difficult automotive market environment. The differentiating strategy focused on high value-added products continues to pay off. Despite the ongoing contraction in Europe and China, business was up in the Americas, led particularly by gains in market share. Our activities in the aerospace market advanced significantly.
- Activities serving **Industry** reported satisfactory sales overall, held back by a high first-half 2018 comparison basis for Ceramics.
- Activities serving the **Construction industry** progressed sharply on both the Americas and European markets, buoyed by gains in market share, upbeat trends in external thermal insulation solutions (ETICS) and recent acquisitions.
- **Life Sciences** continued to enjoy a strong growth dynamic in the pharmaceutical and medical sector for single-use components.

**Northern Europe** maintained the good momentum of 2018, advancing 3.6% despite a more negative calendar effect than for the Group as a whole and a high comparison basis in second-quarter 2018 which was marked by a sales catch-up after harsh weather conditions at the start of that year. Distribution reported a good first-half and Industry was up, particularly in Gypsum and Insulation.

Sales in Nordic countries were bullish at the start of the year in all major businesses and countries, particularly for Distribution, benefiting from its exposure to the renovation market which remained upbeat. The UK deteriorated amid an uncertain economic environment, with a decline in the second quarter, particularly pronounced in Distribution. Sales in Germany progressed. Eastern Europe continued to advance in all of its main countries, also benefiting from a weak comparison basis in the first-half 2018 period, which had seen the repair of two floats in Poland and Romania.

The operating margin for the region rose sharply to 6.0% from 5.2% in the same prior-year period, fueled by a good start to the year in terms of volumes, a positive raw material and energy price-cost spread and a good industrial performance.

**Southern Europe - Middle East & Africa** was up 4.3%, an improvement on the trends observed for full-year 2018. Growth was powered by Distribution; industrial businesses progressed, particularly Insulation, Gypsum and Mortars. Pipe reported a slight increase in sales and continued its successful efforts to improve competitiveness.

France reported a very good first half, buoyed by a construction market where renovation remained supportive and by a weak first-half 2018 comparison basis. By business, Distribution enjoyed strong momentum and gains in market share, along with Insulation which delivered double-digit growth on the back of strong demand for energy-efficiency renovation. Among other countries in the region, Spain posted robust growth, while Benelux and Italy recorded slower advances. The Middle East and Africa were down over the first half, especially in Turkey which is experiencing an extremely tough environment.

The operating margin for the region increased significantly, up to 5.0% from 4.4% in first-half 2018, lifted by a sharp improvement in France.

The **Americas** reported 2.6% organic growth.

North America continued to benefit from a satisfactory price effect amid continued inflation in certain raw material costs, at the expense of volumes against a high second-quarter 2018 comparison basis. Exterior Products stabilized despite a significant price effect. The pricing environment was favorable in Insulation but more challenging in Gypsum; volumes remained hesitant overall. Latin America enjoyed continued growth momentum, particularly in Building Glass and Mortars; in a slightly more uncertain macroeconomic environment, Brazil posted vigorous growth, outperforming market trends in the period thanks to sales team synergies linked to the new organization.

The operating margin for the region came in at 9.0% compared to 9.1% in first-half 2018.

**Asia-Pacific** delivered 6.0% organic growth, spurred by continued strong momentum in Gypsum and Mortars in particular.

India was boosted by additional sales following the start-up of its fifth float line, and Gypsum delivered further double-digit growth. Elsewhere in Asia, China had a good first half, with the start-up of a new plaster plant and bullish growth in Mortars. South-East Asia faced a fiercely competitive environment which put pressure on sales prices.

The operating margin for the region was up to 9.5% from 9.3% in first-half 2018.

## Analysis of the consolidated financial statements for first-half 2019

The unaudited interim consolidated financial statements for first-half 2019 were subject to a limited review by the statutory auditors and were approved and adopted by the Board of Directors on July 25, 2019. Figures for first-half 2018 have been restated for IFRS 16 with retroactive effect from January 1, 2018 (see the press release dated July 1, 2019).

€m	H1 2018 <i>Restated</i> (A)	H1 2019 (B)	% change (B)/(A)	H1 2018 Published
<b>Sales and ancillary revenue</b>	<b>20,787</b>	<b>21,677</b>	<b>4.3%</b>	<b>20,787</b>
<b>Operating income</b>	<b>1,514</b>	<b>1,638</b>	<b>8.2%</b>	<b>1,469</b>
Operating depreciation and amortization	949	947	-0.2%	601
Non-operating costs (excl. Sika)	(233)	(168)	n.s.	(234)
<b>EBITDA</b>	<b>2,230</b>	<b>2,417</b>	<b>8.4%</b>	<b>1,836</b>
Sika non-operating costs	180			180
Capital gains and losses on disposals, asset write-downs, corporate acquisition fees and earn-out payments	(295)	(217)	n.s.	(296)
<b>Business income</b>	<b>1,166</b>	<b>1,253</b>	<b>7.5%</b>	<b>1,119</b>
Net financial income (expense)	354	(250)	n.s.	392
Sika dividends	0	28	n.s.	0
Income tax	(266)	(318)	19.5%	(265)
Share in net income (loss) of associates	0	1	n.s.	0
<b>Net income before minority interests</b>	<b>1,254</b>	<b>714</b>	<b>-43.1%</b>	<b>1,246</b>
Minority interests	27	25	-7.4%	27
<b>Net attributable income</b>	<b>1,227</b>	<b>689</b>	<b>-43.8%</b>	<b>1,219</b>
<b>Earnings per share<sup>2</sup> (in €)</b>	<b>2.24</b>	<b>1.27</b>	<b>-43.3%</b>	<b>2.23</b>
<b>Recurring net income<sup>1</sup></b>	<b>809</b>	<b>944</b>	<b>16.7%</b>	<b>802</b>
<b>Recurring<sup>1</sup> earnings per share<sup>2</sup> (in €)</b>	<b>1.48</b>	<b>1.74</b>	<b>17.6%</b>	<b>1.47</b>
Cash flow from operations <sup>3</sup>	1,766	1,895	7.3%	1,410
<b>Cash flow from operations (excluding capital gains tax)<sup>4</sup></b>	<b>1,754</b>	<b>1,883</b>	<b>7.4%</b>	<b>1,398</b>
<b>EBITDA</b>	<b>2,230</b>	<b>2,417</b>	<b>8.4%</b>	<b>1,836</b>
Depreciation of right-of-use assets	357	340	-4.8%	0
Net financial expense (excluding Sika)	(247)	(250)	n.s.	(247)
Income tax	(266)	(318)	19.5%	(265)
Investments in property, plant and equipment	561	610	8.7%	561
<i>o/w additional capacity investments</i>	211	220	4.3%	257
Investments in intangible assets	76	72	-5.3%	76
Change in working capital requirement <sup>5</sup>	(442)	(357)	-19.2%	(442)
<b>Free cash flow<sup>6</sup></b>	<b>492</b>	<b>690</b>	<b>40.2%</b>	<b>502</b>
<b>Free cash flow conversion<sup>7</sup></b>	<b>26.3%</b>	<b>33.2%</b>	<b>n.s.</b>	<b>27.3%</b>
Lease investments	430	353	-17.9%	0
Investments in securities <sup>8</sup>	1,289	158	n.s.	1,289
<b>Consolidated net debt</b>	<b>12,380</b>	<b>12,617</b>	<b>1.9%</b>	<b>9,294</b>

1. Recurring net income: net attributable income excluding capital gains and losses on disposals, asset write-downs, material non-recurring provisions and Sika income.
2. Calculated based on the number of shares outstanding at June 30 (543,444,874 shares in 2019, versus 546,918,263 shares in 2018).
3. Cash flow from operations = operating cash flow excluding material non-recurring provisions.
4. Cash flow from operations excluding capital gains tax = (3) less the tax impact of capital gains and losses on disposals, asset write-downs and material non-recurring provisions.
5. Change in working capital requirement: over a 12-month period (cf. appendix 4 at the bottom of consolidated cash flow statement).
6. Free cash flow = EBITDA less depreciation of right-of-use assets, plus net financial expense excluding Sika, plus income tax, less investments in property, plant and equipment and intangible assets excluding additional capacity investments, plus changes in working capital requirement.
7. Free cash flow conversion = free cash flow divided by EBITDA less depreciation of right-of-use assets.
8. Investments in securities: €158 million in first-half 2019, of which €145 million of consolidated entities.

Consolidated **sales** advanced 3.5%, led by both prices (up 2.3%) and by volumes (up 1.2%). On a reported basis, sales were 4.3% higher, with a positive 0.6% **currency impact** resulting mainly from the appreciation of the US dollar against the euro despite the depreciation of the Brazilian real, Nordic krona and other emerging country currencies. The **Group structure impact** was a positive 0.2%, with acquisitions more than compensating for divestments. Acquisitions reflect the consolidation of companies in new niche technologies and services, in Asia and emerging countries and to consolidate our strong positions.

Consolidated **operating income** was up 8.2% on a reported basis and 8.3% like-for-like. The Group's operating margin moved up 30 basis points to 7.6%. **EBITDA** rose 8.4% to €2,417 million, while the EBITDA margin climbed to 11.2% of sales versus 10.7% of sales in first-half 2018.

**Non-operating costs** totaled €168 million compared to €53 million in first-half 2018 which included a gain of €180 million on the Sika transaction (non-operating costs of €233 million excluding this one-off gain). Non-operating costs in first-half 2019 therefore improved sharply on a normalized basis, despite factoring in €51 million of restructuring costs associated with the execution of the "Transform & Grow" program. The €45 million accrual to the provision for asbestos-related litigation involving CertainTeed in the US remained unchanged compared to the last few half-year periods. The **net balance of capital gains and losses on disposals, asset write-downs and corporate acquisition fees** represented an expense of €217 million compared to an expense of €295 million in first-half 2018. In the first six months of 2019, this item mainly includes write-downs of businesses held for sale. **Business income** was up 7.5% to €1,253 million.

**Net financial expense** excluding Sika remained virtually stable at €250 million (€247 million in first-half 2018). Dividends received from Sika totaled €28 million in the period; the comparative period in 2018 had benefited from a €601 million gain relating to the Sika transaction. The income tax rate on recurring net income remained stable at 25%. **Income tax** totaled €318 million (€266 million in first-half 2018).

**Recurring net income** (excluding capital gains and losses, asset write-downs, material non-recurring provisions and Sika income) rose 16.7% to €944 million.

**Net attributable income** fell 43.8% to €689 million owing to the gain relating to the Sika transaction in first-half 2018 (€781 million).

**Cash flow from operations** increased 7.3% to €1,895 million (€1,766 million in first-half 2018); before the tax impact of capital gains and losses on disposals, asset write-downs and material non-recurring provisions, cash flow from operations was 7.4% higher at €1,883 million (€1,754 million in first-half 2018).

**Free cash flow** jumped 40.2% to €690 million (3.2% of sales versus 2.4% of sales in first-half 2018), buoyed by improved cash generation and a lower increase in working capital requirement over a 12-month period.

**Investments in property, plant and equipment and intangible assets** totaled €682 million (including €220 million in additional capacity investments for organic growth) and remained stable as a percentage of sales, at 3.1%.

**Investments in securities** totaled €158 million (€1,289 million in first-half 2018 which included Sika for €933 million) and were made to develop innovative niches (American Seal) and the Group's presence in emerging countries (plasterboard in Mexico). **Net debt** edged up to €12.6 billion at end-June 2019 from €12.4 billion as restated at end-June 2018, with acquisitions over the past 12 months representing €568 million and divestments €311 million. Net debt represents 68% of consolidated equity compared to 65% as restated at end-June 2018. **The net debt to EBITDA ratio** over the last 12-month rolling period stands at 2.6 at end-June 2019 compared to 2.7 as restated at end-June 2018.

## Update on asbestos claims in the US

Some 1,300 new claims were filed against CertainTeed in first-half 2019, stable compared to the first six months of 2018.

At the same time, around 1,200 claims were settled (versus 1,500 claims in first-half 2018), bringing the total number of outstanding claims to around 32,700 at June 30, 2019, close to the 32,600 outstanding claims at December 31, 2018.

A total of USD 69 million in indemnity payments were made in the US in the 12 months to June 30, 2019, compared to USD 67 million in the 12 months to December 31, 2018.

## Strategic priorities and outlook for 2019

The Group continued to implement its strategic priorities in first-half 2019:

- €155 million in cost savings (excluding “Transform & Grow”) versus first-half 2018;
- 10 acquisitions for €145 million, representing €108 million in sales and €19 million in EBITDA on a full-year basis;
- Divestments completed or signed to date for over €2.8 billion in sales: in the first half of 2019, disposal of silicon carbide and glass processing businesses in Sweden and Norway, and signing of agreements to sell Distribution in Germany, Optimera Denmark and DMTP in France. In 2018, disposal of Pipe at Xuzhou, China, the EPS insulating foam business in Germany and glazing installation operations in the UK;
- Strategic review of the business portfolio in progress in the context of the new organization, which will lead to an additional dynamic of divestments and acquisitions;
- 6.5 million shares bought back for €212 million, contributing to a reduction in the number of shares outstanding to 543.4 million at June 30, 2019 (546.9 million at June 30, 2018).

The Group confirms its outlook for 2019 as a whole:

- **High Performance Solutions:** industrial markets should remain satisfactory, particularly in the US, despite the contraction in the automotive market in Europe and China;
- **Northern Europe:** should progress despite a tougher environment in the UK;
- **Southern Europe - Middle East & Africa:** overall growth expected for the region, with for the second half a lower contribution from new construction and a solid renovation market, in particular in France;
- **Americas:** stabilization in North America and a more uncertain environment in Latin America;
- **Asia-Pacific:** further growth.

The Group’s **action priorities** as defined in February remain:

- its **focus on sales prices**;
- its **cost savings program** with the aim of unlocking additional savings of around **€300 million** (calculated on the 2018 cost base), in addition to **more than €80 million in 2019** as part of the “Transform & Grow” program;
- its **property, plant and equipment and intangible assets investments program** close to the 2018 level, with a focus on growth capex outside Western Europe and also on productivity and continued digital transformation;
- its **commitment to invest in R&D** to support its differentiated, high value-added strategy;
- its **focus on high levels of free cash flow generation**.

**Saint-Gobain confirms its objectives for full-year 2019 and for the second half expects a like-for-like increase in operating income compared to second-half 2018.**

## Financial calendar

- An information meeting for analysts and investors will be held at 8:30am (GMT+1) on July 26, 2019 and will be broadcast live on:

[www.saint-gobain.com/](http://www.saint-gobain.com/)

- Sales for the first nine months of 2019: October 24, 2019, after close of trading on the Paris Bourse.

Analyst/Investor relations		Press relations	
Vivien Dardel	+33 1 47 62 44 29	Laurence Pernot	+33 1 47 62 30 10
Floriana Michalowska	+33 1 47 62 35 98	Patricia Marie	+33 1 47 62 51 37
Christelle Gannage	+33 1 47 62 30 93	Susanne Trabitzsch	+33 1 47 62 43 25

Indicators of **organic growth** and **like-for-like changes in sales/operating income** reflect the Group's underlying performance excluding the impact of:

- changes in Group structure, by calculating indicators for the year under review based on the scope of consolidation of the previous year (Group structure impact);
- changes in foreign exchange rates, by calculating the indicators for the year under review and those for the previous year based on identical foreign exchange rates for the previous year (currency impact);
- changes in applicable accounting policies.

All indicators contained in this press release (not defined in the footnote) are explained in the notes to the financial statements in the interim financial report, available by clicking here: <https://www.saint-gobain.com/fr/finance/information-reglementee/rapport-financier-semestriel>

The glossary below shows the notes of the interim financial report in which you can find an explanation of each indicator.

**Glossary:**

Cash flow from operations	Note 4
Net debt	Note 9
EBITDA	Note 4
Non-operating costs	Note 4
Operating income	Note 4
Net financial income (expense)	Note 9
Recurring net income	Note 4
Business income	Note 4
Working capital requirement	Note 4

**Important disclaimer – forward-looking statements:**

This press release contains forward-looking statements with respect to Saint-Gobain's financial condition, results, business, strategy, plans and outlook. Forward-looking statements are generally identified by the use of the words "expect", "anticipate", "believe", "intend", "estimate", "plan" and similar expressions. Although Saint-Gobain believes that the expectations reflected in such forward-looking statements are based on reasonable assumptions as at the time of publishing this document, investors are cautioned that these statements are not guarantees of its future performance. Actual results may differ materially from the forward-looking statements as a result of a number of known and unknown risks, uncertainties and other factors, many of which are difficult to predict and are generally beyond the control of Saint-Gobain, including but not limited to the risks described in Saint-Gobain's registration document available on its website ([www.saint-gobain.com](http://www.saint-gobain.com)). Accordingly, readers of this document are cautioned against relying on these forward-looking statements. These forward-looking statements are made as of the date of this document. Saint-Gobain disclaims any intention or obligation to complete, update or revise these forward-looking statements, whether as a result of new information, future events or otherwise.

**This press release does not constitute any offer to purchase or exchange, nor any solicitation of an offer to sell or exchange securities of Saint-Gobain.**

For further information, please visit [www.saint-gobain.com](http://www.saint-gobain.com).



## Appendix 1: Results by Segment - First Half

H1 2018: figures restated for IFRS 16

<b>I. SALES</b>	H1 2018 <i>Restated</i> (in €m)	H1 2019 (in €m)	Change on an actual structure basis	Change on a comparable structure basis	Like-for-like change	H1 2018	
						<i>Published</i>	IFRS 16 Impact
High Performance Solutions	3,706	3,862	+4.2%	+2.9%	+1.0%	3,706	
Northern Europe	7,459	7,726	+3.6%	+3.2%	+3.6%	7,459	
Southern Europe - ME & Africa	6,729	7,011	+4.2%	+4.1%	+4.3%	6,729	
Americas	2,591	2,774	+7.1%	+6.0%	+2.6%	2,591	
Asia-Pacific	912	895	-1.9%	+8.2%	+6.0%	912	
<i>Internal sales and misc.</i>	<i>(610)</i>	<i>(591)</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>	<i>(610)</i>	
<b>Group Total</b>	<b>20,787</b>	<b>21,677</b>	<b>+4.3%</b>	<b>+4.1%</b>	<b>+3.5%</b>	<b>20,787</b>	<b>0</b>

Industry Europe	5,027	5,154	+2.5%	+2.8%	+3.3%
Distribution Europe	9,367	9,817	+4.8%	+4.3%	+4.6%

<b>II. OPERATING INCOME</b>	H1 2018 <i>Restated</i> (in €m)	H1 2019 (in €m)	Change on an actual structure basis	H1 2018 (in % of sales)	H1 2019 (in % of sales)	H1 2018	
						<i>Published</i>	IFRS 16 Impact
High Performance Solutions	532	502	-5.6%	14.4%	13.0%	530	2
Northern Europe	388	460	+18.6%	5.2%	6.0%	367	21
Southern Europe - ME & Africa	293	350	+19.5%	4.4%	5.0%	279	14
Americas	235	250	+6.4%	9.1%	9.0%	227	8
Asia-Pacific	85	85	+0.0%	9.3%	9.5%	85	
Misc.	(19)	(9)	n.s.	n.s.	n.s.	(19)	
<b>Group Total</b>	<b>1,514</b>	<b>1,638</b>	<b>+8.2%</b>	<b>7.3%</b>	<b>7.6%</b>	<b>1,469</b>	<b>45</b>

Industry Europe	397	461	+16.1%	7.9%	8.9%
Distribution Europe	284	349	+22.9%	3.0%	3.6%

<b>III. BUSINESS INCOME</b>	H1 2018 <i>Restated</i> (in €m)	H1 2019 (in €m)	Change on an actual structure basis	H1 2018 (in % of sales)	H1 2019 (in % of sales)	H1 2018	
						<i>Published</i>	IFRS 16 Impact
High Performance Solutions	483	458	-5.2%	13.0%	11.9%	480	3
Northern Europe	326	250	-23.3%	4.4%	3.2%	305	21
Southern Europe - ME & Africa	139	309	+122.3%	2.1%	4.4%	124	15
Americas <sup>(a)</sup>	163	174	+6.7%	6.3%	6.3%	156	7
Asia-Pacific	(99)	81	+181.8%	-10.9%	9.1%	(100)	1
Misc.	154	(19)	n.s.	n.s.	n.s.	154	
<b>Group Total</b>	<b>1,166</b>	<b>1,253</b>	<b>+7.5%</b>	<b>5.6%</b>	<b>5.8%</b>	<b>1,119</b>	<b>47</b>

<sup>(a)</sup> after asbestos-related charge (before tax) of €45m in H1 2018 and in H1 2019

**IV. CASH FLOW**

	H1 2018 <i>Restated</i> (in €m)	H1 2019 (in €m)	Change on an actual structure basis	H1 2018 (in % of sales)	H1 2019 (in % of sales)	H1 2018	
						<i>Published</i>	IFRS 16 Impact
High Performance Solutions	518	474	-8.5%	14.0%	12.3%	484	34
Northern Europe	549	643	+17.1%	7.4%	8.3%	405	144
Southern Europe - ME & Africa	335	358	+6.9%	5.0%	5.1%	194	141
Americas <sup>(b)</sup>	204	220	+7.8%	7.9%	7.9%	178	26
Asia-Pacific	94	105	+11.7%	10.3%	11.7%	88	6
Misc.	66	95	n.s.	n.s.	n.s.	61	5
<b>Group Total</b>	<b>1,766</b>	<b>1,895</b>	<b>+7.3%</b>	<b>8.5%</b>	<b>8.7%</b>	<b>1,410</b>	<b>356</b>

<sup>(b)</sup> after asbestos-related charge (after tax) of €33m in H1 2018 and in H1 2019

**V. INVESTMENTS IN PROPERTY, PLANT AND EQUIPMENT AND IN INTANGIBLE ASSETS**

	H1 2018 <i>Restated</i> (in €m)	H1 2019 (in €m)	Change on an actual structure basis	H1 2018 (in % of sales)	H1 2019 (in % of sales)	H1 2018	
						<i>Published</i>	IFRS 16 Impact
High Performance Solutions	150	165	+10.0%	4.0%	4.3%	150	
Northern Europe	179	169	-5.6%	2.4%	2.2%	179	
Southern Europe - ME & Africa	144	150	+4.2%	2.1%	2.1%	144	
Americas	92	122	+32.6%	3.6%	4.4%	92	
Asia-Pacific	53	58	+9.4%	5.8%	6.5%	53	
Misc.	19	18	n.s.	n.s.	n.s.	19	
<b>Group Total</b>	<b>637</b>	<b>682</b>	<b>+7.1%</b>	<b>3.1%</b>	<b>3.1%</b>	<b>637</b>	<b>0</b>

**VI. EBITDA**

	H1 2018 <i>Restated</i> (in €m)	H1 2019 (in €m)	Change on an actual structure basis	H1 2018 (in % of sales)	H1 2019 (in % of sales)	H1 2018	
						<i>Published</i>	IFRS 16 Impact
High Performance Solutions	663	640	-3.5%	17.9%	16.6%	627	36
Northern Europe	667	738	+10.6%	8.9%	9.6%	502	165
Southern Europe - ME & Africa	579	610	+5.4%	8.6%	8.7%	429	150
Americas	279	296	+6.1%	10.8%	10.7%	247	32
Asia-Pacific	47	131	+178.7%	5.2%	14.6%	40	7
Misc.	(5)	2	n.s.	n.s.	n.s.	(9)	4
<b>Group Total</b>	<b>2,230</b>	<b>2,417</b>	<b>+8.4%</b>	<b>10.7%</b>	<b>11.2%</b>	<b>1,836</b>	<b>394</b>

## Appendix 2: Sales by Segment - Second Quarter

<b>SALES</b>	<b>Q2 2018 (in €m)</b>	<b>Q2 2019 (in €m)</b>	<b>Change on an actual structure basis</b>	<b>Change on a comparable structure basis</b>	<b>Like-for-like change</b>
High Performance Solutions	1,922	1,969	+2.4%	+1.4%	-0.4%
Northern Europe	4,063	4,066	+0.1%	-0.2%	+0.1%
Southern Europe - ME & Africa	3,506	3,625	+3.4%	+3.5%	+3.7%
Americas	1,381	1,467	+6.2%	+4.4%	+0.8%
Asia-Pacific	470	469	-0.2%	+6.4%	+4.4%
<i>Internal sales and misc.</i>	<i>(310)</i>	<i>(297)</i>	<i>n.s.</i>	<i>n.s.</i>	<i>n.s.</i>
<b>Group Total</b>	<b>11,032</b>	<b>11,299</b>	<b>+2.4%</b>	<b>+2.1%</b>	<b>+1.5%</b>
Industry Europe	2,618	2,633	+0.6%	+0.9%	+1.2%
Distribution Europe	5,062	5,177	+2.3%	+2.0%	+2.2%

## Appendix 3: Consolidated Balance Sheet

2018: figures restated for IFRS 16

<i>in € million</i>	Dec 31, 2018 <i>Restated</i>	June 30, 2019	Dec 31, 2018	
			<i>Published</i>	IFRS 16 Impact
<b>Assets</b>				
Goodwill	9,990	10,022	9,988	2
Other intangible assets	2,526	2,555	2,526	
Property, plant and equipment	11,253	11,399	11,335	(82)
Right-of-use assets	2,621	2,595	0	2,621
Investments in equity-accounted companies	412	424	412	
Deferred tax assets	860	943	837	23
Other non-current assets	2,527	3,194	2,527	
<b>Non-current assets</b>	<b>30,189</b>	<b>31,132</b>	<b>27,625</b>	<b>2,564</b>
Inventories	6,252	6,530	6,252	
Trade accounts receivable	4,967	6,116	4,968	(1)
Current tax receivable	286	258	286	
Other receivables	1,608	1,622	1,609	(1)
Assets held for sale - Discontinued operations	788	836	614	174
Cash and cash equivalents	2,688	3,871	2,688	
<b>Current assets</b>	<b>16,589</b>	<b>19,233</b>	<b>16,417</b>	<b>172</b>
<b>Total assets</b>	<b>46,778</b>	<b>50,365</b>	<b>44,042</b>	<b>2,736</b>
<b>Equity and liabilities</b>				
Capital stock	2,186	2,186	2,186	
Additional paid-in capital and legal reserve	5,646	5,606	5,646	
Retained earnings and consolidated net income	11,728	11,539	11,969	(241)
Cumulative translation adjustments	(1,639)	(1,495)	(1,640)	1
Fair value reserves	(124)	464	(124)	
Treasury stock	(106)	(124)	(106)	
<b>Shareholders' equity</b>	<b>17,691</b>	<b>18,176</b>	<b>17,931</b>	<b>(240)</b>
Minority interests	330	358	331	(1)
<b>Total equity</b>	<b>18,021</b>	<b>18,534</b>	<b>18,262</b>	<b>(241)</b>
Non-current portion of long-term debt	9,156	10,340	9,218	(62)
Non-current portion of long-term lease liabilities	2,210	2,181	0	2,210
Provisions for pensions and other employee benefits	2,525	2,811	2,525	
Deferred tax liabilities	449	458	472	(23)
Other non-current liabilities and provisions	1,034	1,043	1,036	(2)
<b>Non-current liabilities</b>	<b>15,374</b>	<b>16,833</b>	<b>13,251</b>	<b>2,123</b>
Current portion of long-term debt	1,167	2,655	1,184	(17)
Current portion of long-term lease liabilities	683	665	0	683
Current portion of other liabilities and provisions	455	399	465	(10)
Trade accounts payable	6,150	6,273	6,116	34
Current tax liabilities	104	136	104	
Other payables	3,842	3,698	3,859	(17)
Liabilities held for sale - Discontinued operations	503	525	322	181
Short-term debt and bank overdrafts	479	647	479	
<b>Current liabilities</b>	<b>13,383</b>	<b>14,998</b>	<b>12,529</b>	<b>854</b>
<b>Total equity and liabilities</b>	<b>46,778</b>	<b>50,365</b>	<b>44,042</b>	<b>2,736</b>

## Appendix 4: Consolidated Cash Flow Statement

H1 2018: figures restated for IFRS 16

(in € million)

	H1 2018 Restated	H1 2019	H1 2018	
			Published	IFRS 16 Impact
<b>Net attributable income</b>	<b>1,227</b>	<b>689</b>	<b>1,219</b>	<b>8</b>
Minority interests in net income	27	25	27	
Share in net income of associates, net of dividends received	(13)	(10)	(13)	
Depreciation, amortization and impairment of assets	855	795	863	(8)
Depreciation and impairment of right-of-use assets	358	341	0	358
Gains and losses on disposals of assets	9	10	11	(2)
Extraordinary net income SWH/Sika	(781)	0	(781)	
Unrealized gains and losses arising from changes in fair value and share-based payments	3	13	3	
Restatement for hyperinflation in Argentina	0	10	0	
Changes in inventories	(444)	(370)	(444)	
Changes in trade accounts receivable and payable, and other accounts receivable and payable	(1,137)	(1,142)	(1,137)	
Changes in tax receivable and payable	(7)	19	(7)	
<b>Changes in WCR</b>	<b>(1,588)</b>	<b>(1,493)</b>	<b>(1,588)</b>	
Changes in deferred taxes and provisions for other liabilities and charges	96	53	93	3
<b>Net cash from (used in) operating activities</b>	<b>193</b>	<b>433</b>	<b>(166)</b>	<b>359</b>
Purchases of property, plant and equipment [in H1 2018: (561), in H1 2019: (610)] and intangible assets	(637)	(682)	(637)	
Purchases of right-of-use assets	(430)	(353)	(9)	(421)
Increase (decrease) in amounts due to suppliers of fixed assets	(208)	(219)	(208)	
Acquisitions of shares in consolidated companies [in H1 2018: (285), in H1 2019: (137)], net of debt acquired	(324)	(134)	(295)	(29)
Acquisitions of other investments	(1,000)	(17)	(1,000)	
Increase in investment-related liabilities	27	3	27	
Decrease in investment-related liabilities	(9)	(14)	(9)	
<b>Investments</b>	<b>(2,581)</b>	<b>(1,416)</b>	<b>(2,131)</b>	<b>(450)</b>
Disposals of property, plant and equipment and intangible assets	36	47	6	30
Disposals of shares in consolidated companies, net of net debt divested	27	81	27	
Disposals of other investments	0	2	0	
(Increase) decrease in amounts receivable on sales of fixed assets	0	97	0	
<b>Divestments</b>	<b>63</b>	<b>227</b>	<b>33</b>	<b>30</b>
Increase in loans and deposits	(90)	(74)	(90)	
Decrease in loans and deposits	23	26	23	
<b>Net cash from (used in) investment and divestment activities</b>	<b>(2,585)</b>	<b>(1,237)</b>	<b>(2,165)</b>	<b>(420)</b>
Issues of capital stock	179	154	179	
(Increase) decrease in treasury stock	(389)	(211)	(389)	
Dividends paid	(707)	(716)	(707)	
Minority interests' share in capital increases of subsidiaries	3	31	3	
Increase (decrease) in investment-related liabilities (put on minority interests)	0	(3)	0	
Acquisitions of minority interests without gain of control	(4)	(4)	(4)	
Dividends paid to minority shareholders of consolidated subsidiaries	(38)	(23)	(38)	
Increase (decrease) in dividends payable	(1)	(13)	(1)	
<b>Net cash from (used in) financing activities</b>	<b>(957)</b>	<b>(785)</b>	<b>(957)</b>	<b>0</b>
Net effect of IFRS 9 on net debt	(4)	0	(4)	
Net effect of exchange rate changes on net debt	(28)	2	(35)	7
Net effect of changes in fair value on net debt	(12)	(15)	(12)	
Net debt classified as assets and liabilities held for sale	0	(1)	0	
Impact of remeasurements of lease liabilities	(21)	(7)	0	(21)
<b>Increase (decrease) in net debt</b>	<b>(3,414)</b>	<b>(1,610)</b>	<b>(3,339)</b>	<b>(75)</b>
Net debt excluding lease liabilities at beginning of period	<b>(5,880)</b>	<b>(8,114)</b>	<b>(5,955)</b>	<b>75</b>
Lease liabilities at beginning of period	<b>(3,086)</b>	<b>(2,893)</b>	<b>0</b>	<b>(3,086)</b>
<b>Net debt at beginning of period</b>	<b>(8,966)</b>	<b>(11,007)</b>	<b>(5,955)</b>	<b>(3,011)</b>
Net debt excluding lease liabilities at end of period	<b>(9,214)</b>	<b>(9,772)</b>	<b>(9,294)</b>	<b>80</b>
Lease liabilities at end of period	<b>(3,166)</b>	<b>(2,845)</b>	<b>0</b>	<b>(3,166)</b>
<b>Net debt at end of period</b>	<b>(12,380)</b>	<b>(12,617)</b>	<b>(9,294)</b>	<b>(3,086)</b>
a. Change in WCR - H1 Year N-1	(1,119)	(1,588)		
b. Change in WCR - H2 Year N-1	1,146	1,136		
Change in WCR - Year N-1 = a. + b.	27	(452)		
c. Change in WCR - Year N	(1,588)	(1,493)		
<b>Change in WCR from June 30, N-1 to June 30, N = b. + c.</b>	<b>(442)</b>	<b>(357)</b>		

## Appendix 5: Debt at June 30, 2019

Amounts in €bn		Comments
<b>Amount and structure of net debt</b>		<b>€bn</b>
<b>Gross debt excluding lease liabilities</b>	<b>13.6</b>	At end of June 2019 <b>80%</b> of gross debt excluding lease liabilities was at <b>fixed interest rates</b> and its <b>average cost</b> was <b>2.2%</b>
Lease liabilities	2.8	
Cash & cash equivalents	(3.9)	
<b>Net debt</b>	<b>12.6</b>	
<b>Breakdown of gross debt excluding lease liabilities</b>		<b>13.6</b>
<b>Bond debt and perpetual notes</b>		<b>12.1</b>
September 2019	0.9	
March 2020	1.0	
June 2020	0.5	
March 2021	0.8	
June 2021	0.7	
March 2022	0.9	
October 2022	0.1	
September 2023	0.5	
December 2023	0.4	
March 2024	0.7	
June 2024	0.1	
November 2024	0.3	(GBP 0.3bn)
After 2024	5.2	
<b>Other long-term debt</b>	<b>0.6</b>	(including €0.4bn long-term securitization)
<b>Short-term debt</b>		<b>0.9</b>
Negotiable European Commercial Paper (NEU CP)	0.0	(excluding bonds) Maximum amount of issuance program: €3bn
Securitization	0.4	(€0.3bn equivalent in USD + €0.1bn)
Local debt and accrued interest	0.5	Frequent rollover; many different sources of financing
<b>Credit lines, cash &amp; cash equivalents</b>		<b>7.9</b>
Cash and cash equivalents	3.9	
Back-up credit lines	4.0	See breakdown below
<b>Breakdown of back-up credit lines</b>		<b>4.0</b>

All lines are confirmed and **undrawn, with no Material Adverse Change (MAC) clause**

		Expiry	Covenants
Syndicated line:	€2.5bn	December 2023	None
Syndicated line:	€1.5bn	December 2023	None